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Over Fifty Group announces 2006/07 financial results Funds under management and administration increase by 57%

Melbourne, 29 August 2007: Over Fifty Group Limited (ASX: OFG) today announced its financial results for the year ended 30 June 2007.

Revenue for the year was up 34.4% to \$56.2 million and net profit after tax grew by 3.6% to \$7.6 million. Funds under management and administration grew to \$1.8 billion, a 57% increase over last year. OFG also announced a final dividend of 6 cents per share fully franked, taking the full year dividend to 11.0 cents per share fully franked.

"The last financial year has been significant in terms of progress for Over Fifty Group, as the company has achieved earnings growth while managing a major internal restructuring, including the closure of the commercial mortgages division," said Chris Martin, OFG's Managing Director. "The focus this year has been on outlining and implementing a clear strategy for the company and creating a portfolio of products that will meet the needs of our customers."

The net profit after tax of \$7.6m was in line with the guidance provided to the market in February with the release of OFG's half year results, when the company indicated the net profit would be above the 2006 full year result of \$7.3m.

In line with OFG's strategic intent of becoming a wealth and funds manager focused on the provision of products and services to the over fifty community, OFG acquired Century Funds Management, a property funds management business in July 2006. Over Fifty Group now offers a range of products encompassing both the asset accumulation and asset drawdown life phases, including its original business of investment bonds, its award winning reverse mortgages and property funds. In addition, a suite of insurance products offer asset protection throughout all life phases.

The property funds management division was the key driver of growth, with revenue up 78% and profit before tax increasing by 56%. The emerging reverse mortgages business grew revenue by over 200% while the loss associated with this division reduced to \$1.4 million. The Company also made significant progress in the reverse mortgages division by establishing a wholesale funding facility with a leading bank and a reverse mortgage pilot distribution program with ANZ.

"The Board endorses the new strategy for growth that has been defined by the management of Over Fifty Group led by Chris Martin," said Mr Murray Chessell, Chairman of the Board of Directors. "I believe that these changes are integral to ensuring not only that OFG offers a comprehensive suite of products that are focused on the needs of its over fifty clients but also builds a strong foundation for sustained profitable growth."

"The repositioning of the business and the new acquisition made during the past financial year will underpin our future success." Mr Chessell added.

OFG has made significant progress in its reshaping of the business into one that is well positioned to deliver strong, sustainable future earnings growth. Some of the year's key achievements include:

- Outlined and established a new business strategy focused on making the company the pre-eminent provider of financial and lifestyle solutions to the over fifty community.
- Acquired scale in the property funds management sector, through the acquisition of Century Funds Management in July 2006, with \$440 million in property funds under management. Property funds under management have subsequently increased to \$660 million.
- Increased funds under management and administration by 57% to \$1.8 billion.
- Generated strong growth in lending volumes in the reverse mortgage business in a competitive market place. In April 2007, Over Fifty Group reached a total of \$100 million in funded reverse mortgages.
- Established a wholesale funding facility with a leading bank for the reverse mortgage business.
- Launched a pilot distribution program for reverse mortgages with ANZ.
- Closed the small, uneconomic commercial mortgages business.
- Generated an improvement in net profit after tax despite the ongoing investment in the reverse mortgage business and a \$3.8 million provision for bad and doubtful debts in the now closed commercial mortgages business.
- Brought greater transparency into the business with the release of detailed segmental results.

Outlook

The Company expects growth in underlying profits to accelerate over coming years as the new strategy unfolds and delivers. This will be led by the Company's two growth engines, property funds management and reverse mortgages.

Our reverse mortgages business is a key element of our growth strategy and we will continue to invest in the business over the coming year. Our expectation is that the reverse mortgage business will move into profit during the 2009 financial year.

The Board and Management remain confident about our future. We have a focused strategy and substantial balance sheet capacity. Our financial strength will be supplemented by the approximate \$27 million expected to be returned over the next 12 to 15 months from the run-down of the commercial mortgage book, which will allow us to leverage our current growth platforms and continue to expand our range of products and services.

For further information, please contact:

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